

Wednesday, December 12, 2007

House Meets At...	Votes Predicted At...
10:00 a.m. For Legislative Business	Last Vote: 9:00-10:00 p.m.
Fifteen "One-minutes" Per Side	

Any anticipated Member absences for votes this week should be reported to the Office of the Majority Whip at 226-3210.

Floor Schedule and Procedure

- **H. Res. 860-Rule Providing for consideration of the Conference Report to Accompany H.R. 1585 – National Defense Authorization Act for Fiscal Year 2008 (Rep. Castor-Rules):** The rule provides for consideration of the conference report to accompany H.R. 1585. The rule waives all points of order against the conference report and its consideration. The rule provides that the conferees on H.R. 3093 are hereby discharged and that the conference and its accompanying papers are hereby tabled. Debate on the rule will be managed by Rep. Castor, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the previous question.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**
- **H. Res. 859-Rule to provide for consideration of the Conference Report to Accompany H.R. 2082 – Intelligence Authorization Act for Fiscal Year 2008 (Rep. Hastings (FL)-Rules):** The rule provides for consideration of the conference report to accompany H.R. 2082. The rule waives all points of order against the conference report and its consideration. Debate on the rule will be managed by Rep. Hastings (FL), and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the previous question.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**

- **H. Res. 862-Rule providing for consideration of H.R. 4299 – Terrorism Risk Insurance Program Reauthorization Act of 2007 (Rep. Arcuri-Rules)**: The closed rule provides one hour of debate in the House equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. The rule waives all points of order against provisions of the bill. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure). The rule provides one motion to recommit with or without instructions. Debate on the rule will be managed by Rep. Arcuri, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the previous question.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**

- **H.R. 4299 - Terrorism Risk Insurance Program Reauthorization Act of 2007 (Rep. Frank – Financial Services)**: Pursuant to the rule, debate on the bill will be managed by Financial Services Committee Chair Rep. Barney Frank, or his designee, and will proceed as follows:
 - One hour of debate on the bill.
 - Possible debate and vote on a Republican Motion to Recommit the bill.
 - Vote on passage of the bill.

- **Conference Report on H.R. 1585 - the National Defense Authorization Act for Fiscal Year 2008 (Rep. Skelton – Armed Services)**: Debate on the Conference Report will be managed by Armed Services Committee Chair Rep. Ike Skelton, or his designee, and will proceed as follows:
 - One hour of debate on the Conference Report.
 - Possible debate and vote on a Republican Motion to Recommit.
 - Vote on adoption of the Conference Report.

- **Conference Report on H.R. 2082 - the Intelligence Authorization Act for Fiscal Year 2008 (Rep. Reyes – Intelligence)**: Debate on the Conference Report will be managed by Intelligence Committee Chair Rep. Silvestre Reyes, or his designee, and will proceed as follows:
 - One hour of debate on the Conference Report.
 - Possible debate and vote on a Republican Motion to Recommit.
 - Vote on adoption of the Conference Report.

- **H. Res. 861-Rule providing for consideration of H.R. 4351 – AMT Relief Act of 2007 (Rep. Cardoza-Rules):** The closed rule provides one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule waives all points of order against provisions of the bill. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure). The rule provides one motion to recommit with or without instructions. Debate on the rule will be managed by Rep. Cardoza, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic motion to move the previous question. **Democrats are urged to vote yes on the previous question.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes on adoption of the rule.**
- **H.R. 4351 – Alternative Minimum Tax Relief Act of 2007 (Rangel – Ways and Means):** Pursuant to the rule, debate on the bill will be managed by Ways and Means Committee Chair Rep. Charles Rangel, or his designee, and will proceed as follows:
 - One hour of debate on the bill.
 - Possible debate and vote on a Republican Motion to recommit the bill.
 - Vote on passage of the bill.

Bill Summary and Key Issues

FY 2008 INTELLIGENCE AUTHORIZATION CONFERENCE REPORT

The Intelligence Authorization for FY 2008 authorizes funding for intelligence operations and activities, and personnel levels for the 16 elements of the Intelligence Community (IC). In addition, it does the following:

Enhances the Oversight and Effective Management of the IC by

- Creating statutory, Senate confirmed IC Inspector General (IG) with the authority to inspect, audit and investigate activities across the IC
- Requiring Senate confirmation for Directors of the NSA and NRO
- Requiring report on compliance with the Detainee Treatment Act of 2005 and related provisions of the Military Commissions Act of 2006 regarding detentions and interrogations and DOJ legal opinions related to these activities
- Mandating CIA IG audits of all covert action programs every three years
- Requiring reports to Congress on the nuclear programs of Iran and North Korea
- Prohibiting implementation of pay for performance until plans are delivered to Congress
- Requiring guidelines for the implementation of an IC multilevel security clearance approach to increase linguistic and cultural expertise
- Designating DIA, NRO and NSA IGs official designees of DoD IG
- Requiring a comprehensive listing of all special access programs
- Reviving the Commission to review the status of Research and Development in the IC

Encourages IC Management Accountability and Efficiency in personnel management; use of contractors; workforce diversity; foreign language proficiency; protecting intelligence officer and agents identities; vulnerability assessments of major systems; space intelligence management; business enterprise architecture; major systems acquisition; excessive cost growth of major systems; implementing data efficiency report recommendations; and management of aerial reconnaissance platforms

Enhances Director of National Intelligence (DNI) Management Authority and Flexibility by authorizing DNI to establish, and fund boards and commissions;

fund information sharing initiatives across federal government; conduct accountability reviews; adjust compensation for critical positions; and delegate DNI authorities to protect sources and methods to the Chief Information Officer

Authorizes Funds to Improve Effectiveness of Intelligence Programs and Activities

For the first time, this Intelligence Authorization conference report authorizes the IC base budget and a full year of supplemental funding for Iraq and counterterrorism activities.* It also:

- Reduces duplication between the base and supplemental
- Moves some core activities from the supplemental into the base
- Withholds a significant amount of supplemental funding related to the Administration's recently-announced Cyber Initiative pending further investigation by the Congress into its legal and technical underpinnings
- Adds significant additional funding for Advanced Research and Development funding to help the Intelligence Community maintain its technical edge, and include funds to pursue research into Global Climate change
- Reduces funds for non-productive intelligence activities in Iraq
- Fully funds activities to accelerate key global counterterrorism activities
- Funds accelerated integration of ground processing and exploitation of imagery collected from commercial and national sensors
- Funds initiatives to repair and replace aging and inadequate power infrastructure
- Adds funds to improve training and education of linguists, analysts and Human Intelligence collectors
- Reduces excessive levels of funding for contractors, and requires reporting on the numbers and functions of contractors
- Provides full funding for the operations of the National Drug Intelligence Center

In addition, the conference report includes provisions that:

- Extend to DNI exemptions currently held by CIA including Operational Files, Privacy Act, and Federal Advisory Act exemptions
- Provide CIA and NSA protective officers arrest authorities in the performance and furtherance of their protective duties
- Clarify that CIA is no longer required to report to Congress on steps taken to ensure financial statements can be audited to reflect that CIA has now submitted audited financial statements to OMB in compliance with the law
- Repeal select reporting requirements that are duplicative or no longer useful
- Clarify authorities of DNI Director of Science and Technology
- Allow delegation of authority to travel on non-US common carriers
- Extend the authority to delete information about foreign gifts
- Clarify prohibition on co-location of DNI's office

- Give DNI membership on Transportation Security Board
- Modify the NSA scholarship program to allow NSA not to reveal that IC is funding scholarship
- Clarify NGA analysis and dissemination authorities
- Grant NSA flexibility in granting security clearance authorities for limited time
- Require report on granting retirement benefits to Air America employees
- Clarify that select elements of the Coast Guard and DEA are part of the IC

National Defense Authorization Act-FY 2008

Restores Readiness

- Authorizes \$1 billion for the Strategic Readiness Fund
- Provides \$980 million for National Guard equipment
- Establishes the Defense Materiel Readiness Board
- Requires an in depth report on the current state of readiness of the force
- Requires a plan on reconstitution of prepositioned equipment stocks
- Requires rating and reporting of National Guard readiness for homeland defense missions

Wounded Warriors Act

(highlights)

- Creates the Wounded Warrior Resource Center to serve as a single point of contact for service members, their families and primary caregivers;
- Requires semi-annual inspections of housing facilities for recovering service members;
- Requires a comprehensive policy on the care and management of members of the armed forces, including the development of electronic health records;
- Mandates the establishment of new DoD-wide standards for processing medical evaluations and training and qualifying those performing the evaluations;
- Mandates the establishment of new DoD-wide standards for processing disability evaluations;
- Requires a comprehensive policy to address traumatic brain injury (TBI), post-traumatic stress disorder (PTSD), other mental health conditions and military eye injuries.

Combating Contractor Fraud

- Requires that the Secretary of Defense, Secretary of State and the U.S. Agency for International Development (USAID) sign a memorandum of understanding (MOU) to clarify the roles and responsibilities in managing and overseeing contracts
- Requires detailed regulations for private security contractors mandating the appropriate use of force and accountability
- Creates a new commission on wartime contracting to develop lessons learned from the contracting problems in Iraq and Afghanistan
- Expands the list of officials to whom whistleblowers can report waste, fraud and abuse, and expands the kind of information they can report.

Improving the Health of the Force

- \$18.4 billion to fully address equipment reset for the Army
- \$8.6 billion to meet the Marine Corps' reset requirements
- \$1 billion for a Strategic Readiness Fund
- \$980 million to provide the National Guard and Reserve critical equipment

- Establishes a Defense Materiel Readiness Board
- End strength increase of 13,000 soldiers and 9,000 Marines
- Authorizes National Guard Empowerment Act
- Authorizes reimbursement to the National Guard for Civil Support missions
- \$2.8 billion for the Grow the Force initiative
- Eliminates the cap on the number of ROTC scholarships for the Army Reserves

Providing for Service Members and Their Families

- 3.5% pay increase
- Prohibits increased healthcare fees
- Increases end strength
- Places federal pricing limits on the TRICARE retail pharmacy network
- Multiple provisions to ease the burden on our military families
- Multiple benefits for our military retirees and surviving spouses
- Improves educational benefits for service members and their families
- Improves healthcare services
- Yellow Ribbon Reintegration Program
- Reforms the special pay and incentive system
- Authorizes changes to the reservist retirement age
- Reimburses Reservists for travel expenses to training

Protecting Our Troops

- \$17.6 billion for MRAP vehicles
- \$4.7 billion for the Joint IED Defeat Organization
- \$1.2 billion for body armor
- \$3.3 billion for up-armored humvees
- \$1.2 billion for vehicle add-on armor
- \$592.3 million for the Armored Security Vehicle (ASV)
- Evaluation of active protection systems
- Additional evaluation of helmet pad systems

Review of Roles and Missions

- Requires a review of the roles and missions of the Department of Defense every four years
- Mandates a tighter link between mission priorities and funding allocations

Acquisition Improvement and Accountability Act of 2008

- Enhances openness by requiring the federal agencies to publicly justify the use of procedures that prevent full and open competition;
- Enhances reporting of significant audit findings;
- Creates a special fund to reinvigorate the acquisitions workforce at DoD
- Prohibits the use of Lead Systems Integrators (LSI) on any new programs after 2010;
- Limits DoD's ability to use multiyear contracts on programs with a history of major cost growth; and
- Tightens control of the "revolving door"—where DoD officials leave to work for defense contractors.

Iraq

- Mandates regular reports highlighting progress, projected force levels and planning
- Broadens the authority of the Special Inspector General for Iraq Reconstruction (SIGIR)
- Requires implementation of a registration and monitoring system for all defense items, including weapons, provided to the Iraqis.

- Increase the number of special immigrant visas for Iraqis who worked for the U.S. in Iraq from 500 to 5,000

Afghanistan

- Requires a comprehensive report outlining the strategic direction of U.S. activities in Afghanistan
- Establishes a Special Inspector General for Afghanistan Reconstruction (SIGAR)
- Requires a detailed plan for sustaining the Afghan National Security Forces

Civilian Personnel

- Restores collective bargaining rights and access to an appeals system for the National Security Personnel System (NSPS)
- Revises the A-76 public-private competition process for DoD to ensure a more fair and balanced process

Non-Proliferation and Counter-Threat Reduction (CTR)

- Authorizes nearly \$2 billion, an increase of \$235 million, to strengthen and expand nonproliferation programs
- Authorizes \$428 million, an increase of \$80 million, to strengthen and expand CTR programs
- This funding is for programs focused on global WMD and nuclear threat detection and reduction.
- Supports and funds moving forward with the U.S. Surplus Fissile Materials Disposition program

Cheyenne Mountain

Restricts funds for the relocation of NORAD until Congress receives a report on the costs and risks of such a move

Installation Security

Requires a report on the physical security of DoD installations and resources

Grow the Force Initiative

Authorizes \$2.8 billion to ensure facilities are available to accommodate the increasing size of the force

Military/Industrial Partnerships

Increases the authority for military and industry to enter into cooperative agreements for efficiency and cost savings

Missile Defense

- Reduces funding for the Missile Defense Agency in order to focus on systems that address current needs, while reducing less mature, high-risk systems.
- Reduces funds for a European missile defense site and requires international agreements and a study on alternatives before construction can begin

Nuclear Weapons

- Establishes a congressionally-appointed bipartisan commission to analyze the appropriate role of nuclear weapons in the future
- Limits Reliable Replacement Warhead research and development and reduces overall funding

Energy Efficiency

Includes several provisions aimed at strengthening energy efficiency and security

Shipbuilding

- Authorizes the president's budget and adds advanced procurement for 3 other ships
- Requires that all new ships are built with integrated nuclear power systems

Aircraft

Authorizes 8 new C-17s

Future Combat Systems

Reduces funding by \$229 million to focus the program on technologies that will benefit our troops in the near-term

DoD Financial Accountability

Includes provisions to improve DoD's financial accountability

Special Operations Command

Improves the acquisitions authority for SOCOM

Information Technologies

Creates a clearinghouse to disseminate knowledge about existing off-the-shelf information technologies across DoD

Terrorism Risk Insurance Act

Summary of House Amendment to Senate Amendment

Incorporates the entirety of the Senate amendment to HR 2761 with no changes, and adds certain provisions from HR 2761 (original House TRIA bill) including:

Reset Mechanism: Adds a reset mechanism for significant terrorist attacks (over \$1 billion) to lower the deductibles and triggers to rebuild market capacity and then gradually increase private sector obligations over time

Group Life Insurance: Adds group life to TRIA's covered lines

- Creates a separate \$5 billion recoupment pool for group life (property and casualty insurance retains its separate \$27.5 billion recoupment pool)
- Caps the level of Federal exposure at \$1 million per life under any group life insurance policy

Lower Trigger: Lowers the trigger from \$100 million to \$50 million to increase capacity by encouraging small insurers to provide coverage

The Senate amendment to HR 2761 (original House TRIA bill) included the following provisions:

- **Domestic Acts of Terrorism**: Incorporates domestic acts of terrorism
- **Duration**: Extends TRIA for 7 years
- **Annual Liability Cap**: Clarifies the \$100 billion cap; requires Treasury to provide notice to Congress and promulgate regulations regarding the cap
- **Recoupment**: Accelerates the timing of mandatory recoupment (recovering amounts paid by Treasury up to \$27.5 billion).
- **Reports**: Requires GAO studies of (1) insurance for nuclear, biological, chemical, and radiological terrorist events and (2) availability and affordability of terrorism insurance in specific markets

H.R. 4351 The AMT Relief Act of 2007

I. AMT RELIEF AND ADDITIONAL INDIVIDUAL TAX RELIEF

Extension of AMT relief for 2007. The bill would extend for one year AMT relief for nonrefundable personal credits and increases the AMT exemption amount to \$66,250 for joint filers and \$44,350 for individuals. The bill would also provide relief for AMT taxpayers who have exercised incentive stock options and would

make changes to the refundable AMT credit. *This proposal is estimated to cost \$52.85 billion over 10 years.*

Change in refundable child credit. The bill would increase the eligibility for the refundable child tax credit in 2008. The child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of approximately \$11,000 as a result of inflation adjustments to the original floor of \$10,000. The bill would reduce this floor to \$8,500 for 2008. *This proposal is estimated to cost \$2.87 billion over 10 years.*

II. REVENUE PROVISIONS

Current inclusion of deferred compensation paid by certain offshore entities. The bill would tax individuals on a current basis if such individuals receive deferred compensation from certain offshore entities. Current law generally allows executives and other employees to defer paying tax on compensation until the compensation is paid. This deferral is made possible by rules that require the corporation paying the deferred compensation to defer the deduction that relates to this compensation until the compensation is paid. Matching the timing of the deduction with the income inclusion ensures that the executive is not able to achieve the tax benefits of deferred compensation at the expense of the Treasury. Instead, the corporation paying the compensation bears the expense of paying deferred compensation as a result of the deferred deduction. Where an individual is paid deferred compensation by certain offshore entities, there is no offsetting deduction that can be deferred. As a result, individuals receiving deferred compensation from certain offshore entities are able to achieve the tax benefits of deferred compensation at the expense of the Treasury. *This proposal is estimated to raise \$23.71 billion over 10 years.*

Delay implementation of worldwide allocation of interest. In 2004, Congress provided taxpayers with an election to take advantage of a liberalized rule for allocating interest expense between United States sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation. Although enacted in 2004, this election is not available to taxpayers until taxable years beginning after 2008. The bill would delay the phase-in of this new liberalized rule for eight years (for taxable years beginning after 2017). *This proposal is estimated to raise \$26.21 billion over 10 years.*

Clarification of the economic substance doctrine. The bill would clarify the application of the economic substance doctrine but does not change current-law standards used by courts in determining when to utilize an economic substance analysis. Under the provision, in any case in which the economic substance doctrine is relevant to a transaction, the economic substance doctrine would be satisfied only if (1) the transaction changes in a meaningful way (apart from Federal income tax consequences) the taxpayer's economic position, and (2) the taxpayer has a substantial non-Federal tax purpose for entering into such transaction. The provision also imposes a 20% penalty on understatements attributable to a transaction lacking economic substance (penalty increased to 40% in the case of transactions in which the relevant facts affecting the tax treatment of the transaction are not adequately disclosed). *This proposal is estimated to raise \$4.08 billion over 10 years.*

Creates uniform penalty for failure to file partnership and S corporation returns. Under current law there is a \$50 per partner per month (up to five months) penalty for failure to file a partnership return for a taxable year. The bill would create a uniform \$100 per partner/shareholder per month (up to 12 months) penalty for failure to file a partnership return or an S corporation return for a taxable year. *This proposal is estimated to raise \$1.62 billion over ten years.*

Increase general failure to file return penalty to take inflation into account. The bill would increase the general penalty for failure to file tax returns to take inflation into account. The bill would increase the failure to file penalty to the lesser of \$150 or 100 percent of the amount required to be shown on such return. *This proposal is estimated to raise \$118 million over ten years.*

Quote of the Day

“The most powerful single force in the world today is neither Communism nor capitalism, neither the H-bomb nor the guided missile – it is man’s eternal desire to be free and independent.”

-John F. Kennedy

The Office of the House Majority Whip | H-329 The Capitol |
Washington, DC 20515 | p. (202)226-3210 | f. (202)226-1115